



General Assembly

January Session, 2015

Raised Bill No. 6396

LCO No. 2880



Referred to Committee on AGING

Introduced by:
(AGE)

AN ACT CONCERNING AN INCOME TAX DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (20) of subsection (a) of section 12-701 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage and applicable to tax years commencing on or*
4 *after January 1, 2015*):

5 (20) "Connecticut adjusted gross income" means adjusted gross
6 income, with the following modifications:

7 (A) There shall be added thereto (i) to the extent not properly
8 includable in gross income for federal income tax purposes, any
9 interest income from obligations issued by or on behalf of any state,
10 political subdivision thereof, or public instrumentality, state or local
11 authority, district or similar public entity, exclusive of such income
12 from obligations issued by or on behalf of the state of Connecticut, any
13 political subdivision thereof, or public instrumentality, state or local
14 authority, district or similar public entity created under the laws of the

15 state of Connecticut and exclusive of any such income with respect to
16 which taxation by any state is prohibited by federal law, (ii) any
17 exempt-interest dividends, as defined in Section 852(b)(5) of the
18 Internal Revenue Code, exclusive of such exempt-interest dividends
19 derived from obligations issued by or on behalf of the state of
20 Connecticut, any political subdivision thereof, or public
21 instrumentality, state or local authority, district or similar public entity
22 created under the laws of the state of Connecticut and exclusive of
23 such exempt-interest dividends derived from obligations, the income
24 with respect to which taxation by any state is prohibited by federal
25 law, (iii) any interest or dividend income on obligations or securities of
26 any authority, commission or instrumentality of the United States
27 which federal law exempts from federal income tax but does not
28 exempt from state income taxes, (iv) to the extent included in gross
29 income for federal income tax purposes for the taxable year, the total
30 taxable amount of a lump sum distribution for the taxable year
31 deductible from such gross income in calculating federal adjusted
32 gross income, (v) to the extent properly includable in determining the
33 net gain or loss from the sale or other disposition of capital assets for
34 federal income tax purposes, any loss from the sale or exchange of
35 obligations issued by or on behalf of the state of Connecticut, any
36 political subdivision thereof, or public instrumentality, state or local
37 authority, district or similar public entity created under the laws of the
38 state of Connecticut, in the income year such loss was recognized, (vi)
39 to the extent deductible in determining federal adjusted gross income,
40 any income taxes imposed by this state, (vii) to the extent deductible in
41 determining federal adjusted gross income, any interest on
42 indebtedness incurred or continued to purchase or carry obligations or
43 securities the interest on which is exempt from tax under this chapter,
44 (viii) expenses paid or incurred during the taxable year for the
45 production or collection of income which is exempt from taxation
46 under this chapter or the management, conservation or maintenance of
47 property held for the production of such income, and the amortizable
48 bond premium for the taxable year on any bond the interest on which

49 is exempt from tax under this chapter to the extent that such expenses
50 and premiums are deductible in determining federal adjusted gross
51 income, (ix) for property placed in service after September 10, 2001, but
52 prior to September 11, 2004, in taxable years ending after September
53 10, 2001, any additional allowance for depreciation under subsection
54 (k) of Section 168 of the Internal Revenue Code, as provided by Section
55 101 of the Job Creation and Worker Assistance Act of 2002, to the
56 extent deductible in determining federal adjusted gross income, (x) to
57 the extent deductible in determining federal adjusted gross income, the
58 deduction allowable as qualified domestic production activities
59 income, pursuant to Section 199 of the Internal Revenue Code, (xi) to
60 the extent not properly includable in gross income for federal income
61 tax purposes for the taxable year, any income from the discharge of
62 indebtedness, in taxable years ending after December 31, 2008, in
63 connection with any reacquisition, after December 31, 2008, and before
64 January 1, 2011, of an applicable debt instrument or instruments, as
65 those terms are defined in Section 108 of the Internal Revenue Code, as
66 amended by Section 1231 of the American Recovery and Reinvestment
67 Act of 2009, the inclusion of which income in federal gross income for
68 the taxable year is deferred, as provided by said Section 1231, and (xii)
69 to the extent not properly includable in gross income for federal
70 income tax purposes, an amount equal to (I) any distribution from a
71 manufacturing reinvestment account not used in accordance with
72 subdivision (3) of subsection (c) of section 32-9zz to the extent that a
73 contribution to such account was subtracted from federal adjusted
74 gross income pursuant to clause (xix) of subparagraph (B) of this
75 subdivision in computing Connecticut adjusted gross income for the
76 current or a preceding taxable year, and (II) any return of money from
77 a manufacturing reinvestment account pursuant to subsection (d) of
78 section 32-9zz to the extent that a contribution to such account was
79 subtracted from federal adjusted gross income pursuant to clause (xix)
80 of subparagraph (B) of this subdivision in computing Connecticut
81 adjusted gross income for the current or a preceding taxable year.

82 (B) There shall be subtracted therefrom (i) to the extent properly
83 includable in gross income for federal income tax purposes, any
84 income with respect to which taxation by any state is prohibited by
85 federal law, (ii) to the extent allowable under section 12-718, exempt
86 dividends paid by a regulated investment company, (iii) the amount of
87 any refund or credit for overpayment of income taxes imposed by this
88 state, or any other state of the United States or a political subdivision
89 thereof, or the District of Columbia, to the extent properly includable
90 in gross income for federal income tax purposes, (iv) to the extent
91 properly includable in gross income for federal income tax purposes
92 and not otherwise subtracted from federal adjusted gross income
93 pursuant to clause (x) of this subparagraph in computing Connecticut
94 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
95 extent any additional allowance for depreciation under Section 168(k)
96 of the Internal Revenue Code, as provided by Section 101 of the Job
97 Creation and Worker Assistance Act of 2002, for property placed in
98 service after December 31, 2001, but prior to September 10, 2004, was
99 added to federal adjusted gross income pursuant to subparagraph
100 (A)(ix) of this subdivision in computing Connecticut adjusted gross
101 income for a taxable year ending after December 31, 2001, twenty-five
102 per cent of such additional allowance for depreciation in each of the
103 four succeeding taxable years, (vi) to the extent properly includable in
104 gross income for federal income tax purposes, any interest income
105 from obligations issued by or on behalf of the state of Connecticut, any
106 political subdivision thereof, or public instrumentality, state or local
107 authority, district or similar public entity created under the laws of the
108 state of Connecticut, (vii) to the extent properly includable in
109 determining the net gain or loss from the sale or other disposition of
110 capital assets for federal income tax purposes, any gain from the sale
111 or exchange of obligations issued by or on behalf of the state of
112 Connecticut, any political subdivision thereof, or public
113 instrumentality, state or local authority, district or similar public entity
114 created under the laws of the state of Connecticut, in the income year
115 such gain was recognized, (viii) any interest on indebtedness incurred

116 or continued to purchase or carry obligations or securities the interest
117 on which is subject to tax under this chapter but exempt from federal
118 income tax, to the extent that such interest on indebtedness is not
119 deductible in determining federal adjusted gross income and is
120 attributable to a trade or business carried on by such individual, (ix)
121 ordinary and necessary expenses paid or incurred during the taxable
122 year for the production or collection of income which is subject to
123 taxation under this chapter but exempt from federal income tax, or the
124 management, conservation or maintenance of property held for the
125 production of such income, and the amortizable bond premium for the
126 taxable year on any bond the interest on which is subject to tax under
127 this chapter but exempt from federal income tax, to the extent that
128 such expenses and premiums are not deductible in determining federal
129 adjusted gross income and are attributable to a trade or business
130 carried on by such individual, (x) (I) for a person who files a return
131 under the federal income tax as an unmarried individual whose
132 federal adjusted gross income for such taxable year is less than fifty
133 thousand dollars, or as a married individual filing separately whose
134 federal adjusted gross income for such taxable year is less than fifty
135 thousand dollars, or for a husband and wife who file a return under
136 the federal income tax as married individuals filing jointly whose
137 federal adjusted gross income for such taxable year is less than sixty
138 thousand dollars or a person who files a return under the federal
139 income tax as a head of household whose federal adjusted gross
140 income for such taxable year is less than sixty thousand dollars, an
141 amount equal to the Social Security benefits includable for federal
142 income tax purposes; and (II) for a person who files a return under the
143 federal income tax as an unmarried individual whose federal adjusted
144 gross income for such taxable year is fifty thousand dollars or more, or
145 as a married individual filing separately whose federal adjusted gross
146 income for such taxable year is fifty thousand dollars or more, or for a
147 husband and wife who file a return under the federal income tax as
148 married individuals filing jointly whose federal adjusted gross income
149 from such taxable year is sixty thousand dollars or more or for a

150 person who files a return under the federal income tax as a head of
151 household whose federal adjusted gross income for such taxable year
152 is sixty thousand dollars or more, an amount equal to the difference
153 between the amount of Social Security benefits includable for federal
154 income tax purposes and the lesser of twenty-five per cent of the Social
155 Security benefits received during the taxable year, or twenty-five per
156 cent of the excess described in Section 86(b)(1) of the Internal Revenue
157 Code, (xi) to the extent properly includable in gross income for federal
158 income tax purposes, any amount rebated to a taxpayer pursuant to
159 section 12-746, (xii) to the extent properly includable in the gross
160 income for federal income tax purposes of a designated beneficiary,
161 any distribution to such beneficiary from any qualified state tuition
162 program, as defined in Section 529(b) of the Internal Revenue Code,
163 established and maintained by this state or any official, agency or
164 instrumentality of the state, (xiii) to the extent allowable under section
165 12-701a, contributions to accounts established pursuant to any
166 qualified state tuition program, as defined in Section 529(b) of the
167 Internal Revenue Code, established and maintained by this state or
168 any official, agency or instrumentality of the state, (xiv) to the extent
169 properly includable in gross income for federal income tax purposes,
170 the amount of any Holocaust victims' settlement payment received in
171 the taxable year by a Holocaust victim, (xv) to the extent properly
172 includable in gross income for federal income tax purposes of an
173 account holder, as defined in section 31-51ww, interest earned on
174 funds deposited in the individual development account, as defined in
175 section 31-51ww, of such account holder, (xvi) to the extent properly
176 includable in the gross income for federal income tax purposes of a
177 designated beneficiary, as defined in section 3-123aa, interest,
178 dividends or capital gains earned on contributions to accounts
179 established for the designated beneficiary pursuant to the Connecticut
180 Homecare Option Program for the Elderly established by sections 3-
181 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in
182 gross income for federal income tax purposes, fifty per cent of the
183 income received from the United States government as retirement pay

184 for a retired member of (I) the Armed Forces of the United States, as
 185 defined in Section 101 of Title 10 of the United States Code, or (II) the
 186 National Guard, as defined in Section 101 of Title 10 of the United
 187 States Code, (xviii) to the extent properly includable in gross income
 188 for federal income tax purposes for the taxable year, any income from
 189 the discharge of indebtedness in connection with any reacquisition,
 190 after December 31, 2008, and before January 1, 2011, of an applicable
 191 debt instrument or instruments, as those terms are defined in Section
 192 108 of the Internal Revenue Code, as amended by Section 1231 of the
 193 American Recovery and Reinvestment Act of 2009, to the extent any
 194 such income was added to federal adjusted gross income pursuant to
 195 subparagraph (A)(x) of this subdivision in computing Connecticut
 196 adjusted gross income for a preceding taxable year, [and] (xix) to the
 197 extent not deductible in determining federal adjusted gross income,
 198 the amount of any contribution to a manufacturing reinvestment
 199 account established pursuant to section 32-9zz in the taxable year that
 200 such contribution is made, and (xx) the amount of any premiums paid in
 201 the taxable year for a long-term care insurance policy issued pursuant to
 202 section 38a-501, 38a-528 or 38a-475.

203 (C) With respect to a person who is the beneficiary of a trust or
 204 estate, there shall be added or subtracted, as the case may be, from
 205 adjusted gross income such person's share, as determined under
 206 section 12-714, in the Connecticut fiduciary adjustment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to tax years commencing on or after January 1, 2015</i>	12-701(a)(20)

Statement of Purpose:

To provide a tax incentive for persons to purchase long-term care insurance.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]